

TOWN OF VIAN, OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014

Audited By:  
Robert St. Pierre CPA, PC  
1113 North Second St  
Stilwell Ok 74960

TOWN OF VIAN, OKLAHOMA  
June 30, 2014

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**INDEPENDENT**

**AUDITOR'S**

**REPORTS**

# ROBERT ST. PIERRE C.P.A., P.C.

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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Board of Trustees  
Town of Vian, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vian, Oklahoma as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Vian, Oklahoma, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

The Town of Vian has not presented the management discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements.

## **Other Information**

The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a report dated December 8, 2014 on my consideration of the Town of Vian, State of Oklahoma's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Robert St. Pierre, CPA  
December 8, 2014

**FINANCIAL  
SECTION**

**TOWN OF VIAN**  
**Government Wide Statement**  
**Statement of Net Assets**  
**JUNE 30, 2014**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 310,280	\$ 523,155	\$ 833,435
Certificates of Deposit	-	-	-
Receivables			
Taxes	36,763	-	36,763
Trade Accounts	41,635	36,247	77,882
Restricted Checking Account (Note 4)	91,713	28,184	119,897
<b>TOTAL CURRENT ASSETS</b>	<b>480,391</b>	<b>587,586</b>	<b>1,067,977</b>
<b>NONCURRENT ASSETS:</b>			
Capital Assets:			
Land	5,800	-	5,800
Automobiles and Trucks	686,788	28,074	714,862
Buildings	473,184	-	473,184
Equipment	226,626	28,069	254,695
Streets and Infrastructure	346,863	-	346,863
Construction in Progress	-	-	-
Sewer and Water Systems	-	4,542,064	4,542,064
Total Capital Assets	1,739,261	4,598,207	6,337,468
Less Accumulated Depreciation	(1,059,645)	(959,350)	(2,018,995)
<b>TOTAL NONCURRENT ASSETS</b>	<b>679,616</b>	<b>3,638,857</b>	<b>4,318,473</b>
<b>TOTAL ASSETS</b>	<b>1,160,007</b>	<b>4,226,443</b>	<b>5,386,450</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	41,263	154,931	196,194
Note Payable Current Portion	-	52,753	52,753
Payable from Restricted Assets			
Customer Meter Deposits	-	67,834	67,834
<b>TOTAL CURRENT LIABILITIES</b>	<b>41,263</b>	<b>275,518</b>	<b>316,781</b>
<b>NONCURRENT LIABILITIES</b>			
Notes Payable Non-Current	-	1,816,056	1,816,056
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>-</b>	<b>1,816,056</b>	<b>1,816,056</b>
<b>TOTAL LIABILITIES</b>	<b>41,263</b>	<b>2,091,574</b>	<b>2,132,837</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	679,616	1,770,047	2,449,663
Restricted	91,713	67,834	159,547
Unrestricted	439,128	417,575	856,703
<b>TOTAL NET ASSETS</b>	<b>\$ 1,210,457</b>	<b>\$ 2,255,456</b>	<b>\$ 3,465,913</b>

**TOWN OF VIAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

FUNCTIONS/PROGRAMS	NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS					
	EXPENSES	PROGRAM REVENUES		BUSINESS		TOTAL
		CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	TYPE ACTIVITIES	
<b>GOVERNMENTAL ACTIVITIES</b>						
General Government	\$ 145,553	\$ 4,437	\$ -	\$ (141,116)	\$ -	\$ (141,116)
City Clerk	44,189	-	-	(44,189)	-	(44,189)
Police	181,703	-	3,445	(178,258)	-	(178,258)
Fire	40,507	-	8,067	(32,440)	-	(32,440)
Parks	32,861	-	-	(32,861)	-	(32,861)
Sanitation	93,146	162,276	-	69,130	-	69,130
Nutrition	7,045	-	-	(7,045)	-	(7,045)
Street	125,792	-	-	(125,792)	-	(125,792)
Town Supervisor	23,147	-	-	(23,147)	-	(23,147)
Code Enforcement	1,538	-	-	(1,538)	-	(1,538)
Special Sales Tax	-	-	-	-	-	-
Court	47,748	-	-	(47,748)	-	(47,748)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 743,229</b>	<b>\$ 166,713</b>	<b>\$ 11,512</b>	<b>\$ (565,004)</b>	<b>\$ -</b>	<b>\$ (565,004)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>						
Water and Sewer	552,783	511,409	-	-	(41,374)	\$ (41,374)
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>552,783</b>	<b>511,409</b>	<b>-</b>	<b>-</b>	<b>(41,374)</b>	<b>(41,374)</b>
<b>TOTAL</b>	<b>\$ 1,296,012</b>	<b>\$ 678,122</b>	<b>\$ 11,512</b>			

**GENERAL REVENUES:**

Sales and use tax	405,345	-	405,345
Gas tax	2,592	-	2,592
Commercial Vehicle Tax	21,915	-	21,915
Franchise Tax	42,662	-	42,662
Alcoholic Beverage Tax	755	-	755
Fines	153,804	-	153,804
Miscellaneous	36,119	-	36,119
<b>TRANSFERS</b>	<b>(127,163)</b>	<b>127,163</b>	<b>-</b>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>	<b>536,029</b>	<b>127,163</b>	<b>663,192</b>
<b>CHANGE IN NET ASSETS</b>	<b>(28,975)</b>	<b>85,789</b>	<b>56,814</b>
<b>NET ASSETS BEGINNING OF YEAR RESTATED</b>	<b>1,147,719</b>	<b>2,169,667</b>	<b>3,317,386</b>
<b>NET ASSETS END OF YEAR</b>	<b>\$ 1,118,744</b>	<b>\$ 2,255,456</b>	<b>\$ 3,374,200</b>



**TOWN OF VIAN  
BALANCE SHEET  
GOVERNMENT FUNDS  
JUNE 30, 2014**

	GENERAL	SPECIAL SALES TAX	SPECIAL REVENUE	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 190,435	\$ -	\$ 119,846	\$ 310,281
Receivables				
Taxes Recivable	28,512	8,251	-	36,763
Other	11,635	-	30,000	41,635
Restricted Cash (Note 4)		91,713		
<b>TOTAL ASSETS</b>	<b>230,582</b>	<b>99,964</b>	<b>149,846</b>	<b>388,679</b>
	-			
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	39,677		1,587	41,264
<b>TOTAL LIABILITIES</b>	<b>39,677</b>	<b>-</b>	<b>1,587</b>	<b>41,264</b>
<b>FUND BALANCES</b>				
Resevered	-	99,964	148,257	248,221
Unreserved	190,905	-	-	190,905
<b>TOTAL FUND BALANCES</b>	<b>190,905</b>	<b>99,964</b>	<b>148,259</b>	<b>439,128</b>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>\$ 230,582</b>	<b>\$ 99,964</b>	<b>\$ 149,846</b>	<b>\$ 480,392</b>

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ 439,128</b>
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$1,739,261 and the accumulated depreciation is \$1,059,645 679,616

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<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES</b>	<b><u>\$1,118,744</u></b>
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**TOWN OF VIAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	General	Special Sales Tax	Court	Government Funds
<b>Revenues</b>				
Sales Taxes	311,466	93,880	-	405,346
Franchise Taxes	42,662	-	-	42,662
Alcoholic Beverage Tax	755	-	-	755
Interest	687	167	-	854
Grants	-	-	-	-
Other	26,776	-	-	26,776
Gas Excise Tax	2,592	-	-	2,592
Commercial Vehicle Tax	21,915	-	-	21,915
Donations	-	-	-	-
Fines	-	-	153,804	153,804
Charges for Services	166,713	-	-	166,713
	-	-	-	-
<b>TOTAL REVENUES</b>	<b>573,566</b>	<b>94,047</b>	<b>153,804</b>	<b>821,417</b>
<b>Expenditures</b>				
General Government	146,904	-	-	146,904
City Clerk	44,189	-	-	44,189
Police	203,094	-	-	203,094
Fire	27,221	-	-	27,221
Parks	31,814	-	-	31,814
Sanitation	75,404	-	-	75,404
Nutrition	3,908	-	-	3,908
Street	119,225	-	-	119,225
Town Supervisor	23,147	-	-	23,147
Code Enforcement	1,537	-	-	1,537
Special Sales Tax	-	-	-	-
Court	-	-	47,748	47,748
	-	-	-	-
<b>Total Expenditures</b>	<b>676,443</b>	<b>-</b>	<b>47,748</b>	<b>724,191</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(102,877)</b>	<b>94,047</b>	<b>106,056</b>	<b>97,226</b>
<b>Other Financing Sources And (Uses)</b>				
Transfers In	159,262	-	-	159,262
Grants	20,000	-	-	20,000
Transfers Out	(20,000)	(108,163)	(158,262)	(286,425)
<b>Total Other Financing Sources And (Uses)</b>	<b>159,262</b>	<b>(108,163)</b>	<b>(158,262)</b>	<b>(107,163)</b>
<b>Net Change in Fund Balances</b>	<b>56,385</b>	<b>(14,116)</b>	<b>(52,206)</b>	<b>(9,937)</b>
<b>Fund Balances--Beginning</b>	<b>134,520</b>	<b>114,080</b>	<b>200,465</b>	<b>449,065</b>
<b>Fund Balances--Ending</b>	<b>190,905</b>	<b>99,964</b>	<b>148,259</b>	<b>439,128</b>

**TOWN OF VIAN**  
**Reconciliation of the Governmental Funds Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances to the Statement of Activities**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ (9,937)

**Amounts reported for governmental *activities* in the statement of activities are different because:**

Capital outlays are reported in governmental funds expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$43,729 is less than depreciation expense of \$ 62,767 during the period. (19,038)

Capital Lease payments used in governmental activities are reported in the general long term account group and not on the statement of revenue and expenditures and changes in net assets. (2)

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ (28,977)

**TOWN OF VIAN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2014**

**ASSETS:**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 448,155	
Certificate of Deposit	75,000	
Receivables	36,247	
Restricted Cash	<u>28,184</u>	
<b>TOTAL CURRENT ASSETS</b>		587,586

**NONCURRENT ASSETS**

Capital Assets		
Water and Sewer Systems	4,542,064	
Automobiles and Equipment	56,143	
Less Accumulated Depreciation	<u>(959,350)</u>	
<b>NET CAPITAL ASSETS</b>		3,638,857
<b>TOTAL NONCURRENT ASSETS</b>		

<b>TOTAL ASSETS</b>		<u><u>4,226,443</u></u>
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**LIABILITIES**

**CURRENT LIABILITIES**

Accounts Payable	34,345	
Current Portion of Long Term Debt	<u>82,818</u>	
<b>TOTAL CURRENT LIABILITIES</b>		117,163

**CURRENT LIABILITIES PAYABLE FROM**

**RESTRICTED ASSETS**

Customer Meter Deposits	<u>67,833</u>	
<b>TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		67,833

**NONCURRENT LIABILITIES**

Long Term Debt	<u>1,785,991</u>	
<b>TOTAL NONCURRENT LAIBILITIES</b>		<u>1,785,991</u>

<b>TOTAL LIABILITIES</b>		1,970,987
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**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	1,770,048	
Restricted	28,184	
Unrestricted	<u>457,224</u>	

<b>TOTAL NET ASSETS</b>		<u><u>\$ 2,255,456</u></u>
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**TOWN OF VIAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**OPERATING REVENUES**

Charges for services	\$ 509,811	
Miscellaneous	1,598	
<b>TOTAL OPERATING REVENUES</b>		<b>\$ 511,409</b>

**OPERATING EXPENSES**

Water Purchased	\$ 125,165	
Supplies	22,431	
Office Expense	4,467	
Salaries and related expenses	148,816	
Professional Fees	26,030	
Lab Test	12,244	
Insurance	10,432	
Utilities and Telephone	27,281	
Dues	8,883	
Other Expenses	7,397	
Repairs and Maintenance	41,560	
Depreciation	93,373	
<b>TOTAL OPERATING EXPENSES</b>		<b>528,079</b>

**OPERATING INCOME** (16,670)

**NON-OPERATING REVENUE (EXPENSES)**

Grant Revenue	-	
Interest Income	306	
Interest Expense	(25,010)	
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>		<b>(24,704)</b>

**NET INCOME BEFORE OPERATING TRANSFERS** (41,374)

**TRANSFERS**

Transfers In	128,163
Transfers Out	(1,000)

**CHANGE IN NET ASSETS** 85,789

**BEGINNING OF YEAR NET ASSETS** 2,169,667

**END OF YEAR NET ASSETS** \$ 2,255,456

**TOWN OF VIAN**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<b>CASH FLOWS FROM OPERATIONS</b>		
Cash Received from Customers	\$ 511,409	
Cash Payments from Suppliers	(264,189)	
Cash Payments to Employees	<u>(148,819)</u>	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		98,401
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Grant Income	-	
Transfers In Net of Transfers Out	<u>-</u>	
<b>NET CASH USED FOR NONCAPITAL FINANCING ACTIVITIES</b>		-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Investment in Fixed Assets	(568,522)	
Proceeds from Long Term Debt	557,622	
Retirement of Long Term Debt	(69,922)	
Interest Expense	<u>(25,010)</u>	
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>		(105,832)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Transfers	127,163	
Interest Income	<u>306</u>	
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		127,469
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		120,038
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>		<u>431,301</u>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>		<u><u>551,339</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	(16,670)	
Adjustments:		
Depreciation	93,373	
Net change in Assets and Liabilities		
Accounts Payable	22,328	
Payroll Taxes Payable	1,065	
Customer Deposits Payable	(3,357)	
Interest Income	-	
Transfers In	-	
Other Adjustments	<u>1,662</u>	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 98,401</u>	

**FINANCIAL  
STATEMENT  
NOTES**



**TOWN OF VIAN  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Town of Vian, Oklahoma is incorporated and operates under a statutory town form of government as directed by Title 11 of the Oklahoma statutes. The duties of the mayor are set forth in Title 11 and the Town is governed by five Trustee's each representing a ward within the Town. Major operations include police and fire protection, parks and recreation, public works, sanitation and streets, and general administrative services.

The financial statements of the Town have been prepared in accordance with Generally Accepted Accounting Principals (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The accompanying financial statements present the Town and its component unit (Vian Public Works Authority), an entity for which the government is considered financially accountable. A blended component unit, although a legally separate entity, is in substance, part of the government's operations and so data from this unit is included as part of the reporting entity. The Town's council members are the board of directors for the Vian Public Works Authority, they set the budget, and approve all significant management issues. Separate financial statements of the Authority are not issued.

**Basic Financial Statements**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements are information about the reporting government as a whole. For the most part, the effect of inter-fund activity has been removed from these statements. These statements focus on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

Franchise taxes, sales taxes, other taxes, charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of general government, except those required to be accounted for in another fund.

The special revenue funds account for revenue sources that are legally restricted to expenditures. Special revenue funds consist of the Special Sales Tax Fund, and Court Fund.

The Town reports the following major proprietary fund:

The public works authority is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; (b) where the Council has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The public works authority of the Town of Vian, Oklahoma, consists of one fund - the water and sewer department.

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others and consists of the agency fund. The agency fund is custodial in nature and does not present results of operations or have a measurement focus. The Town of Vain did not maintain any agency funds.

#### **Assets, Liabilities, and Net Assets or Equity**

##### **Cash and Cash Equivalents**

Cash balances from all funds are pooled and invested to the extent available in certificates of deposit. For purposes of the statement of cash flows, the proprietary fund considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

##### **Accounts Receivable**

Management has not established an allowance for uncollectible accounts receivable. Accounts are written off as bad debt expense when it is deemed that they are uncollectible. The allowance for doubtful accounts was considered immaterial for reporting purposes.

##### **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, street lights, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation.

The costs of normal maintenance are repairs that do not add to the value or capacity of the asset or materiality extend assets lives are not capitalized.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

	Class
	Life
Buildings	40
Vehicles	5
Equipment	7
Infrastructure	40

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

### **Inter-fund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term inter-fund loans are classified as "due to/from other funds." short-term inter-fund receivables and payables at year end are planned to be eliminated in the subsequent year. Long-term inter-fund loans are classified as "advances to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

### **Compensated Absences**

Employee's vacation and holiday leave does not vest or accumulate and sick leave is not normally paid without an illness related absence; therefore, no accruals for compensated absences have been reflected in the accompanying financial statements.

### **NOTE (2) BUDGETARY ACCOUNTING**

The Town uses the following procedures in establishing the budgetary data reflected in the financial statements:

- a. The mayor submits to the Town Council a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted by the Town to obtain taxpayer comments.
- c. The Town Council adopts the budget.
- d. The City Clerk, with approval is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- e. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Revenues shall be classified separately by source. Expenditures shall be departmentalized within each fund and shall be classified into at least the following accounts: Personal services, materials and supplies, other services and charges, capital outlays, and debt service, and transfers.

The Town prepares an annual operating budget for its General Fund, Special Revenue Funds, and Proprietary Funds.

The Town prepares its budget on the same basis of accounting as is used to prepare its non-budgetary financial statements.

### **NOTE (3) BANK DEPOSITS**

The Town's bank account balances are as follows:

	Book Value	Bank Carrying Value
TOWN OF VIAN	310,281	310,281
VIAN PUBLIC WORKS AUTHORITY	448,155	448,155
TOTAL CASH	<u>758,436</u>	<u>758,436</u>

At June 30<sup>th</sup> 2014, the Town's bank account were insured by FDIC insurance.

#### NOTE (4) RESTRICTED ASSETS - CASH

Restricted cash represents amounts maintained in separate bank accounts for the purpose of segregating funds. Restricted cash consisted of the following:

	Balance
Meter Deposit Accounts PWA	28,184
Speical Sales Tax Fund Town	91,713
TOTAL CASH	119,897

#### NOTE (5) INTER-FUND BALANCES AND TRANSFERS

##### Inter-fund Transfers

	Transfers In	Transfers Out
Governmental Funds		
General	159,262	20,000
Special Revenue	-	108,163
Court		158,262
Public Works Authority	128,163	1,000
Totals	287,425	287,425

Throughout the course of the year, the Town has to make occasional inter-fund transfers. The transfers are usually approved so that the fund receiving the money can continue to operate. Major transfers for the fiscal year ended June 30, 2014, consisted of transfers of sales tax to pay for debt service and fixes assets purchased with grant funds and used in the public works authority.

## NOTE (6) CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Town and Vian Public Works Authority to credit risk consist primarily of the accounts receivable of Vian Public Works Authority. Vian Public Works Authority sells primarily to citizens in and around Vian, Oklahoma.

## NOTE (7) RISK MANAGEMENT

The Town is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance along with policies through Oklahoma Municipal Assurance Group for risk loss.

There has been no significant reduction in the Town's insurance coverage from the previous year. In addition, there have been no settlements in excess of the Town's coverage in any of the prior three fiscal years.

## NOTE (8) LONG TERM DEBT

### Vian Public Works Authority

Payable to	Date Note Matures	Collateral Pledged	Rate of Interest	Balance At 6/30/2014	Current Portion Due in One Year	Interest Due in One Year
OWRB	2/15/2018	Revenues / Assets	0.76%	288,760	70,818	2,088
BancFirst CWSRF	2/1/2039	Revenues / Assets	1.72%	1,580,049	10,000	28,131
				1,868,809	80,818	30,219

The total future scheduled maturities of long-term debt are as follows:

Years ending June 30, :

	PRINCIPAL	INTEREST
2015	81,725	29,481
2016	82,640	28,184
2017	88,576	26,870
2018	45,659	25,529
2019	46,807	24,315
Thereafter	1,442,584	307,235
TOTAL	1,787,991	441,614

#### **NOTE (9) EMPLOYEE'S RETIREMENT PLAN**

The Town participates in the Oklahoma Municipal Retirement Fund (O.M.R.F.), which provides coverage to substantially all full-time Town employees. The plan is a multiple-employer plan.

##### **Plan Description**

The Town contributes to the Oklahoma Municipal Retirement Fund Employee Retirement System (O.M.R.F.), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental entities in the State of Oklahoma.

All regular full-time employees except police, firefighters and other employees covered under a state system are eligible to participate in O.M.R.F. Benefits vest after five years of service. Upon vesting, Town employees who retire at age 65 with 10 or more years of vesting are entitled to annual retirement benefits payable monthly for life in an amount equal to a percent of their average salary during their last year of employment.

These benefit provisions and all other requirements are established by the plan. The total contribution rate for the plan is separated between the employee-paid and municipality-paid portions based on the most recent reported employee's contribution rate. The employee contribution rate is set by the plan, and the municipality is committed to meet the long term funding needs of the plan by paying any portion of the contribution not provided by employees.

The total required contribution rate for the 2013-2014 plan year was 6.68% of participant's payroll which results in 3.00% for the employee and 3.68% for the Town.

The Town's current unfunded actuarial liability as of June 30, 2014 is 9,733.

#### **NOTE (10) VOLUNTEER FIREFIGHTERS PENSION FUND**

The Town volunteer firemen participate only in the Oklahoma State Firefighters Pension and Retirement System which is defined contributions plan applying only to the Town's volunteer firefighters. Eligibility to participate includes all full-time or voluntary firefighters of a participating municipality if they are hired before age 45. The State Statute give the authority to establish contribution obligations and benefits. Vesting occurs after 10 years of service and payments begin at age 50, or after 20 years of service, whichever is later. The eligibility and benefits for distribution for volunteer firemen is 20 years credited service equal to \$5.46 per month per year of service, with a maximum of 30 years considered.



## **NOTE (11) COMMITMENTS AND CONTINGENCIES**

### **Grant Programs**

The Town participates in the certain federal and state grant programs as available. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. The amount of expenditures that may be disallowed by the granting agency cannot be determined at this time, although it is believed by the Town that the amount, if any, would not be significant.

### **Litigation**

At the report date the Town of Vian had several lawsuits pending the outcome and or estimate of these claims could not be determined at the time of this report.

## **NOTE (12) INSURANCE COVERAGE**

The Town purchases commercial insurance policies covering property casualty loss, public liability, board member and administrator liability, and workers compensation. The Town also purchases surety bonds for employees in all positions required by state law to be bonded.

## NOTE (13) CHANGES IN CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2014 was as follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
Capital Assets being Depreciated				
Land	5,800	-	-	5,800
Automobiles and Trucks	658,054	28,734	-	686,788
Buildings and Building Improvements	463,289	9,895	-	473,184
Infrastructure	341,763	5,100	-	346,863
Equipment	240,126	-	13,500	226,626
Total Capital Assets being Depreciated	1,709,032	43,729	13,500	1,739,261
Less Accumulated Depreciation				
Automobiles and Trucks	495,789	40,749	-	536,538
Buildings	240,819	11,708	-	252,527
Infrastructure	30,149	8,649	-	38,798
Equipment	243,623	1,660	13,501	231,782
Total Accumulated Depreciation	1,010,380	62,766	13,501	1,059,645
Governmental Activities, Capital Assets, Net	698,652	(19,037)	(1)	679,616

Depreciation expense for governmental activities is charged to functions as follows:

General Government	
Public Safety	28,667
Street and Sanitation	29,828
Parks and Recreation	4,271
Total Depreciation from Governmental Activities	62,766

Capital asset activity for business-type activities for the year ended June 30, 2014 was as follows:

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
Capital Assets, being Depreciated				
Water System and Sewer Systems	3,058,536	1,483,528	-	4,542,064
Equipment	22,669	5,400	-	28,069
Automobiles	22,074	6,000	-	28,074
Construction in Progress	926,404	-	926,404	-
Total Capital Assets being Depreciated	4,029,683	1,494,928	926,404	4,598,207
Less Accumulated Depreciation				
Water Plant and Sewer Systems	829,775	90,358	-	920,133
Equipment	22,580	-	-	22,580
Automobiles	13,622	3,015	-	16,637
Total Accumulated Depreciation	865,977	93,373	-	959,350
Business-Type Activities, Capital Assets, Net	3,163,706	1,401,555	926,404	3,638,857

**SUPPLEMENTARY  
INFORMATION**

**TOWN OF VIAN  
GENERAL FUND  
BUDGET VS ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Income			
5100 · Taxes			
5120 · Franchise Tax	42,662	43,000	(338)
5121 · Cigarette Tax	4,474	5,300	(826)
5125 · Sales Tax	285,369	273,000	12,369
5126 · Use Tax	26,096	30,000	(3,904)
5135 · Gas Excise Tax	2,592	1,600	992
5140 · Motor Vehicle Tax	21,915	22,000	(85)
5145 · Alcoholic Beverage Tax	755	9,000	(8,245)
Total 5100 · Taxes	383,864	383,900	(36)
5200 · Licenses & Permits			
5210 · Building Permits	985		
5211 · Mobile Home Permit	131		
5215 · Garage Sale Permits	385		
5240 · Burn Permit	25		
5200 · Licenses & Permits - Other	25	1,100	(1,075)
Total 5200 · Licenses & Permits	1,551	1,100	451
5400 · Charges for Services			
5891 · Tin Horn Purchase	898	0	898
5220 · Nutrition Center Rentals	0	100	(100)
5420 · Sanitation	162,276	314,000	(151,724)
5422 · Fire Department Subscriptions	2,880	0	2,880
5455 · Accident Reports	0	50	(50)
5459 · Copier	186	300	(114)
5460 · Notary Fees	130	200	(70)
5475 · Picked Up Returned Check	0	300	(300)
5499 · Misc Charges for Service	30	0	30
5400 · Charges for Services - Other	313	0	313
Total 5400 · Charges for Services	166,713	314,950	(148,237)
5600 · Other Revenues			
5677 · DONATIONS - POLICE	3,870	0	3,870
5481 · Code Enforcement	25	100	(75)
5410 · Pop Revenue	112	300	(188)
5619 · Reimbursement	305	0	305
5625 · Interest Income	687	900	(213)
5631 · Nutrition Center-Utilities	991	1,200	(209)
5675 · Donations	500	0	500
5676 · Donations-Fire	2,835	6,000	(3,165)

**TOWN OF VIAN  
GENERAL FUND  
BUDGET VS ACTUAL CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2014**

	ACTUAL	BUDGET	VARIANCE FAVORABLE (UNFAVORABLE)
5698 · Surplus Items	10,700	0	10,700
5699 · Miscellaneous Income	1,413	0	1,413
<b>Total 5600 · Other Revenues</b>	<b>21,438</b>	<b>8,500</b>	<b>12,938</b>
<b>Total Income</b>	<b>573,565</b>	<b>708,450</b>	<b>(134,885)</b>
<b>Expense</b>			
6100 · Personal Services			
6111 · Returned Checks	161	0	161
6110 · Salaries & Wages	232,640	267,886	(35,246)
6120 · Overtime	12,704	13,655	(951)
6125 · Soc. Sec./MC	18,359	21,519	(3,160)
6130 · Group Health & Life Ins	15,742	400	15,342
6135 · Workers Compensation	36,145	25,500	10,645
6140 · Unemployment Insurance	2,255	2,816	(561)
6145 · Retirement	7,885	12,888	(5,003)
6155 · Council Fee	16,349	15,600	749
6160 · Contract Labor	2,500	5,200	(2,700)
6100 · Personal Services - Other	0	0	-
<b>Total 6100 · Personal Services</b>	<b>344,740</b>	<b>365,464</b>	<b>(20,724)</b>
6200 · Materials & Supplies			
6101 · Reconciliation Discrepancies	0	0	-
6210 · Supplies	37,207	33,200	4,007
6212 · Office Supplies	4,447	5,350	(903)
6216 · Gas & Oil	36,812	38,400	(1,588)
<b>Total 6200 · Materials &amp; Supplies</b>	<b>78,467</b>	<b>76,950</b>	<b>1,517</b>
6201 · POP-POLICE	0	200	(200)
6300 · Other Services & Charges			
6399 · Bank Service Charge	10	0	10
6302 · OSBI	1,500	158	1,342
6310 · Repairs	27,332	30,600	(3,268)
6311 · Building Maint. & Repair	14,971	0	14,971
6320 · Electricity	10,549	11,400	(851)
6321 · Natural Gas	3,006	3,600	(594)
6322 · Telephone	13,231	13,270	(39)
6324 · Petty Cash	0	360	(360)
6325 · Water	5,922	5,600	322
6330 · Contracted Services	11,931	12,893	(962)
6331 · Legal Fees	18,608	9,200	9,408

**TOWN OF VIAN  
GENERAL FUND  
BUDGET VS ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
6332 · Accounting & Auditing	7,925	7,000	925
6333 · Sequoyah County Emergency M:	250	3,000	(2,750)
6336 · Administration Services	137	500	(363)
6337 · Landfill Charges	21,740	19,000	2,740
6341 · Bonds & Insurance	27,747	28,700	(953)
6342 · Travel & Lodging	143	3,000	(2,857)
6343 · Advertising & Publ.	380	1,700	(1,320)
6344 · Memberships & Dues	4,242	4,580	(338)
6346 · Training Expenses	205	600	(395)
6346 · Equipment Rental	80	300	(220)
6349 · Election Costs	0	1,200	(1,200)
6350 · Postage	1,224	950	274
6352 · Uniform Expense	779	2,500	(1,722)
6900 · Misc Fees	12	0	12
6901 · Street Light Electricity	34,672	29,000	5,672
6902 · Fireworks	1,475	0	1,475
6300 · Other Services & Charges - Othe	786	0	786
<b>Total 6300 · Other Services &amp; Charges</b>	<b>208,859</b>	<b>189,112</b>	<b>19,747</b>
6303 · OLETS fees	650	50	600
6400 · Capital Outlay			
6425 · Capital Improvements	5,100	2,000	3,100
6430 · Vehicles	24,900	20,000	4,900
6440 · Equipment	3,834	0	3,834
6400 · Capital Outlay - Other	9,895	92,000	(82,105)
<b>Total 6400 · Capital Outlay</b>	<b>43,729</b>	<b>114,000</b>	<b>(70,271)</b>
<b>Total Expense</b>	<b>676,444</b>	<b>745,776</b>	<b>(69,332)</b>
<b>Net Ordinary Income</b>	<b>-102,879</b>	<b>-37,326</b>	<b>(65,553)</b>
<b>Other Income/Expense</b>			
<b>Other Income</b>			
7100 · REAP Grant	20,000	0	20,000
5701 · Transfers To and From Sanitatio	0	0	-
5715 · Transfer from Vian PWA	0	40,000	(40,000)
5510 · Fines--Transfer in from Court	158,262	40,000	118,262
7500 · VPWA-Transfer in for ADA	1,000	0	1,000
<b>Total Other Income</b>	<b>179,262</b>	<b>80,000</b>	<b>99,262</b>
<b>Other Expense</b>			
6615 · Transfer to VPWA	20,000	0	20,000
<b>Total Other Expense</b>	<b>20,000</b>	<b>0</b>	<b>20,000</b>
<b>Net Other Income</b>	<b>159,262</b>	<b>80,000</b>	<b>79,262</b>
<b>Net Income</b>	<b>56,384</b>	<b>42,674</b>	<b>13,709</b>

**TOWN OF VIAN  
COURT FUND  
BUDGET VS ACTUAL  
JUNE 30, 2014**

	Actual Jul '13 - Jun 14	Budget	Variance
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
5012 · HB1792 LICENSE PLATE SEIZURE	70	-	70
1001 · Returned Check	-	-	-
<b>5000 · Fine Income</b>			
5004 · Warrant Intercept	-	-	-
5002 · Jail Fees	127	-	127
5003 · Online Collection	31,403	-	31,403
5000 · Fine Income - Other	122,311	165,000	(42,689)
<b>Total 5000 · Fine Income</b>	<b>153,841</b>	<b>165,000</b>	<b>(11,159)</b>
5001 · Refunds	(107)	(600)	493
<b>Total Income</b>	<b>153,804</b>	<b>164,400</b>	<b>(10,596)</b>
<b>Expense</b>			
<b>6100 · Personal Services</b>			
6115 · JUDGE FEE	9,000	6,000	3,000
6114 · Court Clerk Fees	50	600	(550)
<b>Total 6100 · Personal Services</b>	<b>9,050</b>	<b>6,600</b>	<b>2,450</b>
<b>6300 · Other Services &amp; Charges</b>			
6200 · CC Processing Fees	716	-	716
6150 · Police Citations	439	500	(61)
6012 · Bank Service Charge	10	100	(90)
5475 · Returned Checks	254	-	254
6320 · Seq Cty Criminal Justice Author	23,679	10,200	13,479
6399 · Misc. Other Services & Charges	880	200	680
6300 · Other Services & Charges - Other	1	-	1
<b>Total 6300 · Other Services &amp; Charges</b>	<b>25,979</b>	<b>11,000</b>	<b>14,979</b>
6450 · CLEET Fees	6,110	7,200	(1,090)
6600 · OSBI Fees	6,610	9,500	(2,890)
66900 · Reconciliation Discrepancies	-	-	-
7000 · Checks for Bond Account	-	-	-
<b>Total Expense</b>	<b>47,748</b>	<b>34,300</b>	<b>13,448</b>
<b>Net Ordinary Income</b>	<b>106,055</b>	<b>130,100</b>	<b>(24,045)</b>
<b>Other Income/Expense</b>			
<b>Other Expense</b>			
7005 · Transfer to General Cap Assets	24,900	-	24,900
6400 · Transfers to General Fund	133,362	40,000	93,362
<b>Total Other Expense</b>	<b>158,262</b>	<b>40,000</b>	<b>118,262</b>
<b>Net Other Income</b>	<b>(158,262)</b>	<b>(40,000)</b>	<b>(118,262)</b>
<b>Net Income</b>	<b>(52,207)</b>	<b>90,100</b>	<b>(142,307)</b>

**TOWN OF VIAN  
SPECIAL SALES TAX FUND  
BUDGET VS ACTUAL  
JUNE 30, 2014**

	<b>Jul '13 - Jun 14</b>	<b>Budget</b>	<b>Variance</b>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
5130 · Restricted Sales Tax	93,880	91,000	2,880
5625 · Interest Income	167	100	67
<b>Total Income`</b>	<b>94,047</b>	<b>91,100</b>	<b>2,947</b>
<b>Net Ordinary Income</b>	<b>94,047</b>	<b>91,100</b>	<b>2,947</b>
<b>Other Income/Expense</b>			
<b>Other Expense</b>			
1000 · Wire Transfer Fees	-	30	(30)
6600 · OPERATING TRANSFERS OUT TO VPWA	108,163	-	108,163
7000 · OWRB Loan Payment	-	111,000	(111,000)
7002 · Transfers Out to VPWA	-	-	-
<b>Total Other Expense</b>	<b>108,163</b>	<b>111,030</b>	<b>(2,867)</b>
<b>Net Other Income</b>	<b>(108,163)</b>	<b>(111,030)</b>	<b>2,867</b>
<b>Net Income</b>	<b>(14,116)</b>	<b>(19,930)</b>	<b>5,814</b>



**TOWN OF VIAN  
VIAN PUBLIC WORKS AUTHORITY  
BUDGET VS ACTUAL  
June 30, 2014**

	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>
<b>Ordinary Income/Expense</b>			
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
<b>5400 · Charges for Services</b>			
5416 · 7-Day Clean	3,633	-	3,633
5401 · Billing Adjustments	12	(600)	612
5410 · Water Revenue	299,941	300,999	(1,058)
5415 · Sewer	176,632	159,357	17,275
5418 · Transfer Fee	540	500	40
5419 · Meter Reset Fee	12,207	8,000	4,207
5425 · Penalties	15,578	15,000	578
5430 · Water Taps	1,290	-	1,290
5475 · Picked Up Returned Check	-	-	-
<b>Total 5400 · Charges for Services</b>	<b>509,834</b>	<b>483,256</b>	<b>26,578</b>
<b>5600 · Other Revenues</b>			
5800 · Cash over/short	(23)	-	(23)
5625 · Interest Income	306	200	106
5699 · Miscellaneous Income	1,598		
<b>Total 5600 · Other Revenues</b>	<b>1,881</b>	<b>200</b>	<b>1,681</b>
<b>Total Income</b>	<b>511,715</b>	<b>483,456</b>	<b>28,259</b>
<b>Gross Profit</b>	<b>511,715</b>	<b>483,456</b>	<b>28,259</b>
<b>Expense</b>			
10001 · Reimbursement	(325)	-	(325)
<b>6100 - Personal Services</b>			
6110 · Salaries & Wages	89,987	96,000	(6,013)
6120 · Overtime	14,371	9,000	5,371
6125 · Soc. Sec./MC	7,658	8,033	(375)
6130 · Group Health & Life Ins	17,872	5,000	12,872
6135 · Workers Compensation	13,447	9,300	4,147
6140 · Unemployment Insurance	881	1,050	(169)
6145 · Retirement	4,404	4,431	(27)
6155 · Contract Labor	200	-	200
<b>Total 6100 - Personal Services</b>	<b>148,819</b>	<b>132,814</b>	<b>16,005</b>
4000 · Reconciliation Discrepancies	(3)		
<b>6200 · Materials &amp; Supplies</b>			
6210 · Supplies	22,431	24,000	(1,569)

**TOWN OF VIAN**  
**VIAN PUBLIC WORKS AUTHORITY**  
**BUDGET VS ACTUAL CONTINUED**  
**June 30, 2014**

	Actual	Budget	Variance
<b>Ordinary Income/Expense</b>			
6212 · Office Supplies	1,239	1,000	239
6216 · Gas & Oil	2,031	3,500	(1,469)
6220 · Water Purchased	125,165	125,000	165
<b>Total 6200 · Materials &amp; Supplies</b>	<b>150,866</b>	<b>153,500</b>	<b>(2,634)</b>
<b>6300 · Other Services &amp; Charges</b>			
6601 · Contracted Services	7,184	3,900	3,284
6533 · Returned Checks	(440)	1,600	(2,040)
6532 · Bank Fees	1,323	-	1,323
6310 · Repairs	32,832	7,000	25,832
6311 · Building Maint. & Repair	7,022	7,000	22
6320 · Electricity	21,542	21,000	542
6322 · Telephone	5,739	4,000	1,739
6330 · Council Fees & Other Services	-	3,300	(3,300)
6331 · Legal fees	5,094	9,000	(3,906)
6332 · Accounting & Auditing	8,652	7,000	1,652
6336 · Engineering Services	5,100	17,000	(11,900)
6339 · Lab Tests	12,244	3,000	9,244
6341 · Bonds & Insurance	10,432	8,000	2,432
6343 · Advertising & Publ.	490	400	90
6344 · Memberships & Dues	644	2,700	(2,056)
6352 · Uniform Expense	31	1,800	(1,769)
6399 · Misc Other Services & Ch	5,993	-	5,993
6530 · Postage	3,228	2,900	328
<b>Total 6300 · Other Services &amp; Charges</b>	<b>127,109</b>	<b>99,600</b>	<b>27,509</b>
<b>6400 · Capital Outlay</b>			
6430 · Vehicles	-	10,000	(10,000)
6460 · Equipment	-	700	(700)
<b>Total 6400 · Capital Outlay</b>	<b>-</b>	<b>10,700</b>	<b>(10,700)</b>
<b>6500 · Debt Service</b>			
6514 · OWRB Fees	8,239	-	8,239
<b>Total 6500 · Debt Service</b>	<b>8,239</b>	<b>-</b>	<b>8,239</b>
6501 · Depreciation Expense	93,373	-	93,373
6513 · Interest Expense	25,010	-	25,010
<b>6600 · Transfers Out</b>			
6628 · Transfers Out to General--ADA	1,000	-	1,000
6620 · Transfer to General Fund	-	40,000	(40,000)
6622 · Transfers I/O Water/Wastewater	-	-	-
<b>Total 6600 · Transfers Out</b>	<b>1,000</b>	<b>40,000</b>	<b>(39,000)</b>
<b>Total Expense</b>	<b>554,089</b>	<b>436,614</b>	<b>117,475</b>
<b>Net Ordinary Income</b>	<b>(42,374)</b>	<b>46,842</b>	<b>(89,216)</b>
<b>Other Income/Expense</b>			
<b>Other Income</b>			
5711 · TRANSFER IN - SPEC. SALES TAX	108,163	-	108,163
5710 · Transfers in from Town	20,000	-	20,000
<b>Total Other Income</b>	<b>128,163</b>	<b>-</b>	<b>128,163</b>
<b>Net Other Income</b>	<b>128,163</b>	<b>-</b>	<b>128,163</b>
	<b>85,789</b>	<b>46,842</b>	<b>38,947</b>

# ROBERT ST. PIERRE C.P.A., P.C.

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Board of Trustees  
Town of Vian, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Vian, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Vian, Oklahoma's basic financial statements, and have issued our report thereon dated December 8, 2014.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Vian Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Vian, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Vian, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiencies. (2014-1, 2014-2, 2014-3)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Vian, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Town of Vian, Oklahoma's Response to Findings**

Town of Vian, Oklahoma response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Vian, Oklahoma's, response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert St. Pierre CPA, PC  
December 8, 2014

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

### **2014-1**

The inherent limitation resulting from a small number of employees performing functions that would normally be divided among several employees were a larger number available presents a proper segregation of accounting functions deficiency. A much larger staff would be necessary in order to assure adequate internal accounting controls. This deficiency requires the trustee's to remain actively involved in the day to day activities of the Organization.

#### **Management's Response**

Management's response to the lack of segregation of duties is to stay actively involved to help ensure that financial statements are free of material errors or fraud. Management also remains committed to staying actively involved in the financial matters of the organization and consulting with their auditors and their CPA consultant whenever needed.

### **2014-2**

While conducting the audit fieldwork it was noted that internal controls related to the ODIS software were not sufficient and numerous employees had the ability to go in and make changes and adjust accounts. It was also noted that cash payments were taken after normal business hours and numerous employees received these payments.

#### **Management's Response**

Management is planning to consult with their contracted CPA on ways to strengthen the internal controls with regards to the ODIS software. Management will also consider limiting after hours payments to a drop box and also limit the number of people who have access to the posting of payments and cash receipts.

### **2014-3**

While conducting the audit fieldwork it was noted that accounts receivable detailed ledgers contained numerous credit balances that should not be in the account details. It was also noted that the accounts receivables were not reconciled on a monthly basis to the general ledger.

#### **Management's Response**

Management will consult with their contracted CPA to look at how payments are posted and how to correct these credit balances. They will also set up policies and procedures to reconcile the accounts receivable to the general ledger. Management is also going to consider whether a new software package may be needed to process payments and receipts in the public works authority.